

**AMENDMENT TO VIEWS AND ESTIMATES OF THE
COMMITTEE ON FINANCIAL SERVICES ON
MATTERS TO BE SET FORTH IN THE CONCUR-
RENT RESOLUTION ON THE BUDGET FOR FIS-
CAL YEAR 2005**

OFFERED BY MR. FRANK OF MASSACHUSETTS

Beginning on page 18, strike the entire item entitled
“*Section 8 Rental Housing Assistance Program*” and in-
sert the following new item:

Section 8 Block Grant Proposal. The FY 2005 budget request for Section 8 is \$1.633 billion below the level HUD projects is needed to renew all Section 8 assistance. This could result in the elimination of funding for up to 250,000 vouchers.

The budget includes legislation to block grant the Section 8 voucher program. The main feature of this proposal is the elimination of the right housing authorities now have to rent to a specified number of families, and to receive funding to cover the full cost of such assistance. Instead, Congress would block grant each housing authority a lump sum amount, which, in the first year alone, is \$1.6 billion less than is necessary to serve the same number of families now being served nationwide. The block grant feature would let funding spiral downward in future years.

The result is that housing authorities would have to make either major reductions in the number of families they assist, or in the subsidy provided to each family--or more likely, a combination of the two.

The Administration's proposed program rule changes would facilitate these cuts. This year's plan drops the “maintenance” of effort requirement included in last year's proposal. This allows housing authorities to implement the cuts by reducing the number of families being served.

The proposal also eliminates most of the current statutory tenant protections, offering housing authorities other flexible options to implement these deep cuts. Housing authorities could simply cut the subsidy level--an option made possible by the Administration proposal to end the current rules under which each voucher holder pays no more than 30% of net income for a fair market rental unit in their community.

Housing authorities could also implement the cuts by kicking out poor people from the program, and replacing them with families that are not as poor. This option is made possible by the Administration proposal to eliminate the “targeting” of scarce voucher resources to those most in need. Under current targeting rules, 75% of new vouchers must go to extremely low income families (defined as families with incomes below 30% of local area median in-



come). The Administration proposal eliminates this requirement entirely. The proposal would also allow assistance to go to seniors and disabled persons who are not low-income (currently defined as those below 80% of the local area median income).

